

from the examination that I have been able to make of the public accounts of the Dominion as well as the accounts of the province of Ontario, I have not been able to reach any conclusion as to how this particular sum was arrived at. While it appears as a reduction of the public debt of the Dominion, it appears to me that it must still in some way stand as an increase of the liabilities of the provinces of Ontario and Quebec. But, so far as I have been able to investigate the matter the whole seems to be enshrouded in considerable mystery. As financial matters are always of interest, I think it is well that the minister should give us some information as to how this settlement was brought about and what this particular item consists of. I do not apprehend for a moment that it forms any part of the old trust fund held by the Dominion of Canada from the time of confederation, such as the Upper Canada Building Fund, the Grammar School Fund or the Common School Fund. I do not see that any of these items are disposed of by this government in any way, in accordance with the terms of the award of 1893 they are still intact; and where this particular item comes from, where this balance arises, I am absolutely at a loss to determine, and I have not been able to glean from what has been said by the provincial treasurer how this matter was arranged. I trust that I am not asking too much of the minister—we have plenty of time—that he will be able to give us some explanation that will make the matter plainer to those on this side of the House who have no access to the papers in his department, and I am quite sure it will be interesting to know how this matter was arrived at.

Hon. Mr. FIELDING. The account to which my hon. friend refers is one of long standing and somewhat complicated, and I would hardly be justified in giving an answer off-hand. I would rather prepare a detailed statement showing the different items of the account, and how this change comes about, and I will be glad to bring that down at an early date. The essence of the whole matter is that in the accounts between the Dominion and the provinces, there were certain things assumed that had not been absolutely determined by the arbitrators, and when the ultimate determination was made, by which the provincial accounts had to be readjusted, there were some sums of money due on one side and on the other which differed from the amounts as they had been standing in the books for some years. It is a complicated statement, and I will be glad to bring down at an early day such statement as will show the exact operation of the account, and how this difference is brought about.

Mr. HENDERSON. I am obliged to the minister for the information he has given to the House. I had an impression, and I

think it is borne out by what the minister says, that this balance was what might be called a paper balance, practically there was no money passed one way or the other. The Dominion is not richer, and the provinces, I trust, are no poorer, it was simply a matter of bookkeeping so far as I can learn. But I should not discuss the matter further. I am glad that the minister proposes to give us an explanation, and I know that there are other members on this side of the House who will be glad to hear it.

Hon. Mr. HAGGART. Can the minister state whether any money was actually passed?

Hon. Mr. FIELDING. The only question is, as to the rate of interest to be paid.

Hon. Mr. HAGGART. I notice that the question has arisen in the provincial government. The provincial government claimed 5 per cent against the Dominion government on the balances due. The Finance Minister says, no, I won't pay you 5 per cent, because I can borrow money for less. Is this a part of the transaction?

Hon. Mr. FIELDING. The question to which my hon. friend refers relates entirely to the interest and not to the principal sum. The transactions are connected, but the question which my hon. friend refers to, is entirely in relation to the interest, there is no dispute about the principal sum. There is a certain sum which is determined to be due the province of Ontario. The province desires that we should continue to pay 5 per cent, while we are legally advised that the item is not one of the class in which the Dominion is, under the constitution, obliged to pay 5 per cent. There were certain sums upon which originally 5 per cent was to be paid; but we are legally advised that that item is not one which properly bears 5 per cent. It is like any ordinary debt, we can either pay it off, or we can let the item stand at a rate of interest to be agreed upon. We have urged that we should not be obliged to pay 5 per cent. The premier of Ontario claims that we are bound to pay 5 per cent, and it is quite likely that in one form or another there will have to be a judicial determination of that point. It does not affect the principal sum, it is entirely a question of the rate of interest to be paid.

Mr. CLARKE. What is the amount of the sum for which this interest was to be paid?

Hon. Mr. FIELDING. It is upwards of two million dollars of trust funds.

Mr. SPROULE. Did that involve any reduction of the debt?

Hon. Mr. FIELDING. It relates to the reduction of the debt. On the question of the principal sum there is no dispute, it is now purely a question of the rate of interest to be paid.